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23 August 1963

# WEEKLY SUMMARY

OFFICE OF CURRENT INTELLIGENCE

197927

CENTRAL INTELLIGENCE AGENCY

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#### ASIA-AFRICA (continued)

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## AFGHANISTAN UNDER KING ZAHIR SHAH

King Zahir--who arrives for a state visit in the US on 4 September--took over leadership of the Afghan Government in March from his cousin, the authoritarian Prime Minister Daud, and is cautiously introducing a more liberal political regime as well as economic and social reforms. (Published separately as Special Report OCI No. 0294/63B)

NEW REGIME IN BRAZZAVILLE STILL SHAKY
The provisional government which took over from deposed President Youlou is composed of moderates, but leftist trade union leaders may exert significant influence in it.

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POLITICAL TENSIONS CONTINUE HIGH IN TURKEY

Minority elements in the coalition government are
irritated by Prime Minister Inonu's "single-party
mentality," and the opposition is expected to show
considerable strength in forthcoming local elections.

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## ISRAELI-SYRIAN BORDER CONFLICT

The Syrian-provoked shooting incidents have created the most serious situation in more than a year, but Israel will probably refrain from retaliating at least until the UN considers the charges from both sides.

#### **EUROPE**

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#### BELGIUM'S LIBERAL PARTY

Inherent instabilities in the Belgian political situation enable the relatively small and very conservative Liberal party to exercise an influence out of proportion to its size. It has been extensively reorganizing and probably hopes that recent dissension in the Social Christian - Socialist coalition government will once again provide an opportunity for Liberal representation in the cabinet. (Published separately as Special Report OCI No. 0294/63C)

PORTUGAL PLANNING NEW TACTIC IN OVERSEAS POLICY
The Salazar regime's plan for a referendum in Portugal and its overseas provinces on the government's colonial policy will not silence Lisbon's African critics and may show white-settler opposition also.

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Cuba

#### INTERNATIONAL ARCHITECTS' CONGRESS SET FOR HAVANA

The Castro regime is making a major effort in preparation for the Seventh Congress of the International Union of Architects (IUA), which is scheduled for Havana from 27 September to 3 October. It expects upward of three thousand delegates from free world and bloc countries and clearly is planning on a major propaganda display.

The IUA, which is a bona fide international professional organization, chose Cuba as the site for its Seventh Congress well before Castro declared his regime "socialist."

Special flights have reportedly been chartered to bring delegates from France and Britain, and Cuban organizers claim that an East German passenger vessel is to bring more than 600 delegates to Havana for the congress. Invitations are going out from Havana to Latin American and other countries with offers of expense-paid tours around Cuba before and after the congress sessions.

The Castro regime expects to get added propaganda out of the event through its plans to announce during the congress the results of an international competition it has been carrying on for some months for the design of a "suitable" memorial for the Cubans killed in the April 1961 invasion attempt at the Bay of Pigs.

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The Communist World

## EAST GERMANY STRENGTHENS INDUSTRIAL MANAGEMENT

East Germany has begun to implement a new program designed to strengthen management of industry and to increase efficiency. The weak associations of industrial enterprises (VVBs), formed in 1958, are to be converted into superenterprises with power to allocate manpower, materials wage funds, and investments to subordinate factories. Greater use is to be made of incentive payments for management, and new price and planning techniques are to be introduced.

Although they are far from revolutionary, the reforms proposed could lead to some increase in efficiency mainly by clarifying the lines of command.

For the new system to function properly, however, the party would have to refrain from interfering in day-to-day operations of enterprises and to abide by the consensus of management on the feasible limits of economic growth.

The present leadership cannot accept these limitations in principle, and there are already signs that the party is trying to gain firmer control within the VVBs. Party economic organs have been reorganized and strengthened both on the national and district level, and greater stress has been placed on technical training and economic experience as qualifications for responsible party jobs.

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The Communist World

#### CHINESE COMMUNIST CIVIL AIR ACTIVITIES

The Chinese Communists are showing an increased interest in buying Western transport aircraft and negotiating air agreements with nonbloc countries which could lead to expanded international air operations.

Communist China's first Western transport aircraft--one of six British Vickers Viscount turboprop transports contracted for in 1961--was delivered to Canton in July. The remaining Viscounts are to be delivered this year. These aircraft, the newest of the Viscount series, will supplement China's obsolete and service-worn civil air fleet of less than 80 multiengine transports. The Viscounts will probably be used on some longdistance domestic routes and on some of China's limited international and VIP flights, in place of obsolescent IL-14s and the turboprop IL-18, a Sovietbuilt transport which the Chinese consider unsatisfactory.

The Vickers deal probably totals at least 11 or 12 million dollars--including some spare parts--reportedly on terms of 50 percent paid on delivery with the balance over five years. Vickers expects further sales to Communist China.

Chinese missions have also investigated used turboprop aircraft and have discussed jet transports—Caravelles and Comets—with French and British manufacturers. Sud Aviation, the manufacturers of the medium-range Caravelle, will send a mission to Peiping in September.

There are some indications that the Chinese may be planning to "open up" Shanghai and Canton to international air flights in return for landing rights in other Asian nations. The Chinese have long been interested in Asian international air operations, but their sensitivity to overflights of their own territory caused them to discourage nonbloc air access to China. Ceylon and Burma, the only two nonbloc nations with which Peiping has air agreements, have not been permitted to operate scheduled flights on the agreed routes from Canton to Colombo and Kunming to Rangoon. No scheduled flights are made on the Canton-Ceylon route, and only Chinese aircraft have used the Kunming-Rangoon route.

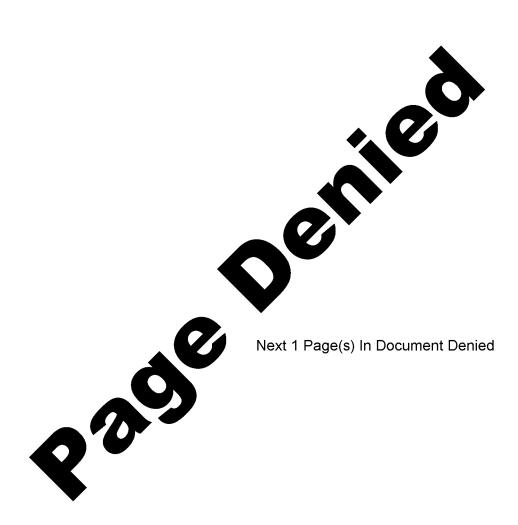
Now, however, the Chinese are negotiating possible air routes with Pakistan and Indonesia. In negotiations with Pakistan International Airways (PIA), the Chinese have offered landing rights at Shanghai and Canton in return for reciprocal rights in Karachi and Dacca. PIA has indicated it hopes to use the Shanghai stop on its run to Tokyo, and the British Legation in Peiping has commented that China may grant such rights. It seems unlikely, however, that either the Japanese or the Chinese would approve service by a foreign airline between Japanese and Chinese cities unless their own airlines have similar rights.

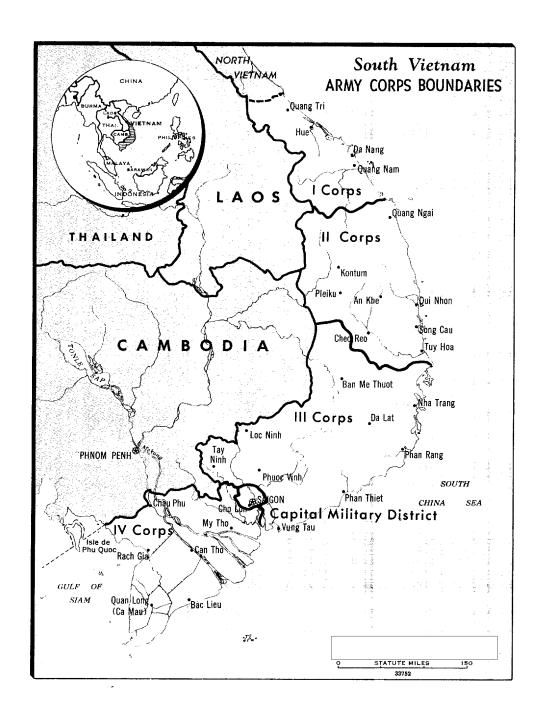
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Asia-Africa

#### MARTIAL LAW IMPOSED IN SOUTH VIETNAM

Overt opposition in the Diem government in South Vietnam has for the time being been suppressed by nationwide martial law. However, the situation remains essentially unstable. The crackdown on Buddhists which accompanied the transfer of authority to the army will further alienate segments of the population. The campaign against the Viet Cong is also likely to suffer.

President Diem and the military say that the imposition of martial law and the crackdown on the Buddhists was necessary to curb rising Buddhist agitation and to prevent the deterioration of army morale. The government also claims that there was increasing evidence of serious Viet Cong penetration of the Buddhist movement,

The well-coordinated army moves indicate prior planning. They were accompanied by the appointment of the army chief, General Don, as over-all military commander. Some South Vietnamese officials have claimed a group of generals urged Diem to act. The harsh measures taken by the military and statements

issued in their name, however, suggest that they may be acting more in the spirit of Diem's brother Nhu.

Current relationships among the military, Diem, and Nhu remain unclear. Nhu is known to have met recently with the generals and harangued them on the need for firm action by the government. Nhu has also implied that he would seize control from his brother if conditions warranted. Key military officers may be supporting such a move by Nhu, although they may also use the current situation to seize full control of the government for themselves.

The US military attaché in Saigon feels that the turn of events will hamper military operations against the Viet Cong. Communist activity has abated since the high levels of late July, but there have been five attacks in company strength in the past two weeks in the Mekong delta provinces south of Saigon--still the scene of the most active gurerrilla operations. Despite some improvement in conditions in the coasts and highlands of central Vietnam, the Viet Cong there retain the capability to attack in considerable strength.

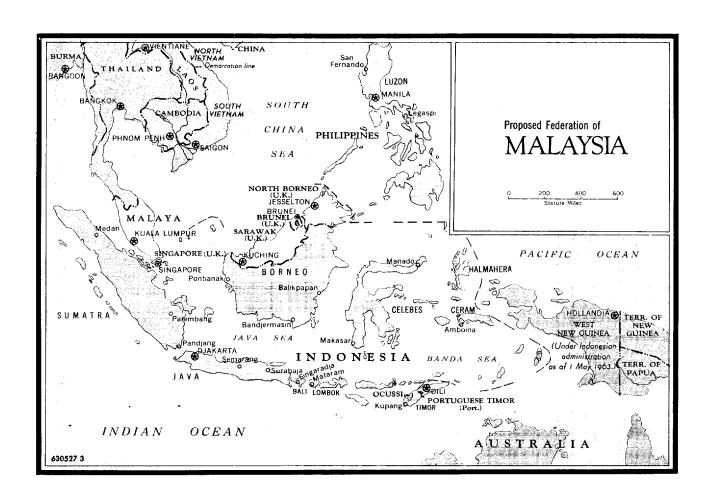
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## CLASSIFIED MATERIAL ON REVERSE OF PAGE

Asia-Africa

## INDONESIANS PURSUE CAMPAIGN AGAINST MALAYSIA

Indonesia apparently is stepping up paramilitary and political action operations against Malaysia.

On the political action side, the Indonesians continue to insist that their own observers, who are to accompany the UN field teams, should have a "meaningful" role. These efforts at obstruction are being reinforced by the Philippines, whose collusion with Indonesia has been more evident since the recent tripartite heads-of-government meeting in Manila. U Thant now is threatening to withdraw the UN mission unless there is agreement between all parties concerned on the number of observers and procedures for the survey.

On 18 August, during Indonesia's independence day celebrations, paraders in Djakarta exhibited anti-Malaysian and anti-British banners and floats. An effigy of Malaya's prime minister with its neck dangling from the fixed bayonet of an Indonesian soldier was featured. At the ceremonies, Indonesian Minister of Basic Industries Saleh stated that Malaysia was threatening the security of

Southeast Asia and that Indonesia must continue its confrontation policy in all fields.

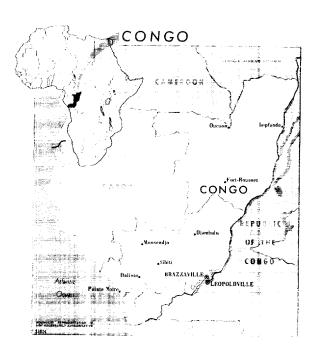
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# CLASSIFIED MATERIAL ON REVERSE OF PAGE

Asia\_Africa

#### NEW REGIME IN BRAZZAVILLE STILL SHAKY

The forced resignation of the Congo Republic's President Youlou on 15 August has been followed by the establishment of a provisional government in Brazzaville led by a capable moderate, Alphonse Massamba-Debat. However, leftist trade union leaders who played a prominent role in organizing the strike and demonstrations which led to Youlou's resignation seem to be in a position to exert considerable influence over the new regime.

Massamba-Debat is a rival of Youlou who was dropped from the cabinet last May; the other members of the provisional government are mostly technicians not formerly prominent in politics. The new regime, which has promised early elections, now is largely preoccupied with economic and financial matters, especially those springing from charges of corruption in the former government.

Massamba and his colleagues appear to be generally attuned to younger, more nationalistic elements of the country's political elite and may well be more impatient than Youlou's government about Congo's overwhelming dependence on France in all fields. For the present, however, they have reaffirmed the nation's friendship with France as well as its membership in the Parisoriented African and Malagasy Union.

The leftist laborites were consulted on the provisional government but they appear content to stay out of the cabinet for

the time being. Since unpopular austerity measures are probably now essential, the labor leaders may have felt it better to avoid responsibility and to maintain a position of flexibility and influence from outside the government.

Two of them--Aime Matsika and Julien Boukambou--are extremist agitators with a long history of Communist training and associations. They head a union affiliated with the WFTU. Their influence will be counter-balanced to some extent by moderates, notably Gilbert Pongault, head of a relatively strong Christian union.

The Congolese military leaders, who presided over the change of government, took command of the 700-man army and 1,200-man gendarmerie from the French on 16 August. They have not shown any interest in a broad political role so far, but they remain a factor to be reckoned with.

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French forces in Congo, reinforced to approximately 2,600
men, were deployed in Brazzaville
during the crisis on Youlou's
request, but only to maintain
order. De Gaulle refused to
permit them to act to save Youlou's regime. The French were
in the difficult position of
trying to avoid blatant intervention in Youlou's behalf.

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# COMPOSITION OF TURKEY'S GRAND NATIONAL ASSEMBLY BY PARTIES (As of 31 July 1963)

		Assembly	Senate
*Republican Peoples' Party (RPP)		175	35
Justice Party (JP)		138	53
*New Turkey Party (NTP)		59	30
*Republican Peasant Nation Party (RPNP)		29	7
Nation Party (NP)		16	7
Independents		24	13
Vacancies		9	4
	Total	450	
**Natural Senators			20
Presidential Appointees			15
Turkish Labor Party (TLP)			1
		Total	185

<sup>\*</sup>Members of present coalition government headed by Prime Minister Inonu.

<sup>\*\*</sup>Former members of the Committee of National Union which was responsible for the overthrow of the Bayar–Menderes regime on 27 May 1960.



EKREM ALICAN
SECRETARY GENERAL OF NTP AND
DEPUTY PRIME MINISTER.



ISMET INONU
SECRETARY GENERAL OF RPP AND
PRIME MINISTER.



TURHAN FEYZIOGLU
POSSIBLE SUCCESSOR TO INONU
AS HEAD OF RPP AND DEPUTY
PRIME MINISTER.

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Asia-Africa

The new regime may yet face a serious tribal reaction. Elements of the important Lari tribe, of which Youlou is paramount chief, have been restive since he was removed and detained. They apparently are only partially mollified by the fact that Massamba-Debat is a member of the same tribal group; some reportedly favor restoration of Youlou as chief of state, with Massamba as prime minister.

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### POLITICAL TENSIONS CONTINUE HIGH IN TURKEY

Turkey's tripartite coalition headed by venerable Prime Minister Inonu is again in trouble because of interparty dissension. While differences again seem to have been temporarily glossed over, the coalition recently came closer to breaking up than it has at any time since it was formed in June 1962.

The latest crisis came when the New Turkey Party of Deputy Prime Minister Alican threatened to withdraw from the government. Alican, who claims that Inonu has a "single\_party mentality," made public a memo he had sent Inonu, in effect complaining that Inonu's Republican Peoples Party (RPP) is trying to dominate the coalition, that Inonu does not consult the other parties, and that the smaller parties receive neither real responsibility, a fair share of patronage, nor adequate publicity for their actions. A special committee chaired by President Gursel met to study Alican's complaints and announced on 14 August that the coalition was "staying together."

Mutual suspicions and jealousies have not been erased, however, and the opposition is

expected to show considerable strength in nationwide local elections to be held on 17 No-vember. The frictions and pressures developed in connection with them may well lead to new difficulties.

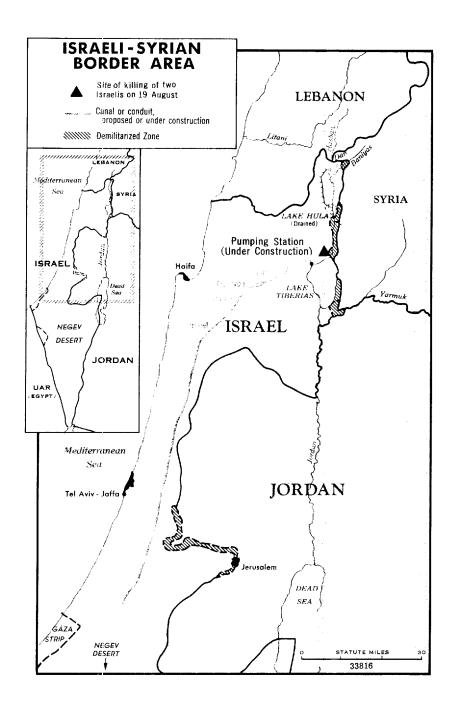
The opposition Justice Party (JP) is content to lie low at this time. It does not want to give the government any excuse for delaying the elections, in which it is expected to make a good showing. Moreover, it is eager to get back into a position of real power. There are even reports that the JP would not refuse an offer to join a new coalition with the RPP, although it appears more likely that the party would use any massive demonstration of popular support as a lever to force new parliamentary elections. JP leaders also reportedly feel they are making headway in gaining the confidence of the military, but there has been no significant indication of this.

Meanwhile, martial law has been extended for two more months, and the government has arrested some 200 "leftists" who allegedly were organizing secretly. These actions will add to the tenseness of the Turkish political atmosphere.

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Asia-Africa

#### ISRAELI-SYRIAN BORDER CONFLICT

The series of shooting incidents between Syrians and Israelis during the past week has created the most serious situation along their border in more than a year.

Two Israelis were killed by a Syrian patrol which apparently crossed the demilitarized zone into Israeli territory on 19 August. The other exchanges also reportedly were begun by the Syrians; the Israelis claim in particular that an air battle on 20 August between Syrian MIG-17 and Israeli Mirage fighters resulted from a Syrian attempt to penetrate Israeli air space. The most extended exchange of ground fire also occurred on 20 August.

The border has been quiet since then, however, and the Syrians have agreed to permit a UN inspection on both sides of the frontier.

The reasons for the Syrian bellicosity could involve several factors: a breakdown of discipline among troops at the front; the Baathist regime's desire to look tougher than Nasir on Israel; or an effort to distract the attention of the Syrian public from the country's political and economic troubles.

The incidents were accompanied by Syrian charges that the Israelis were massing troops along the border. As yet there has been no evidence to support such claims, although Israeli troops could get to the border within hours once the order is given. Syrian

border forces already have been strengthened.

Any ground action by the Israelis probably would be on a larger scale than the previous raid against Syria—an effort by a reinforced battalion on 16-17 March 1962. That raid encountered stiff resistance from the Syrians, who occupy high ground overlooking Israeli territory. An Israeli air strike against the Syrian positions is another possibility.

Israel probably will refrain from retaliating, however, at least until the UN Security Council meets to consider the complaints that both sides have lodged with it. The Israelis may also hesitate to take action which might undermine the Damascus regime and thereby facilitate a pro-Nasir take-over in Syria. However, chronic disputes over cultivation rights in the border area and Syria's objections to Israeli works to divert Jordan River waters will cause further trouble in the months to come.

The other Arab states have given the usual pledges of support to Syria. Iraq's announcement that its armed forces would be placed under "Syrian command" is largely a propaganda gesture, although a token Iraqi force may actually go to Syria. Egypt's pledge was qualified as support for "the Syrian people" because of Nasir's antipathy toward the Damascus regime.

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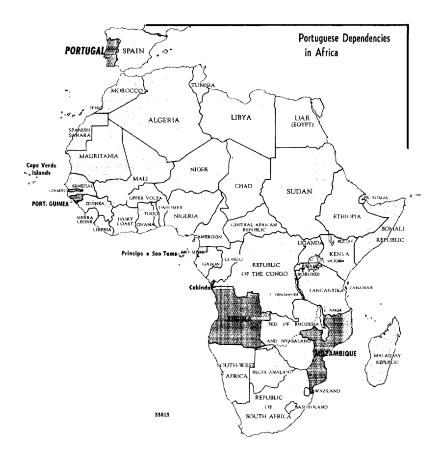
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#### PORTUGAL PLANNING NEW TACTIC IN OVERSEAS POLICY

The Salazar regime's plan for an early referendum in Portugal and its overseas provinces on the government's colonial policy is a new tactic for bolstering the Portuguese position in Africa politically and diplomatically. It will not satisfy Lisbon's African critics pressing for early independence for the overseas provinces, and even white settlers there may not give the regime the support it expects.

In a 12 August speech, Prime Minister Salazar stated "could only see advantage in the people pronouncing themselves in a solemn and public act on what they think of the government's overseas policy." Foreign Minister Franco Nogueira subsequently explained that this was meant to prepare the public for a referendum toward the end of this year. The electorate presumably will be asked to pass not only on administrative reforms already initiated overseas and new ones envisaged in a recent revision of the Overseas Organic Law, but also on Salazar's stated determination to use all the nation's resources in defending the provinces against African aggression.

The regime is moving fast to prepare the public for the referendum. Comment on Salazar's speech in the controlled Lisbon press said in effect that it is time for the European powers to take back from the US, which has fallen down on the job, the defense of Europe in Africa. One paper stated: "Salazar said what we all feel —we are with him to the end." In Luanda, the Angolan capital,

a government-organized mass demonstration, including thousands of African employees, was staged in support of Salazar's program on 16 August.

However, there is a new and rising feeling of pessimism in both Portugal and the provinces regarding the continued inflexibility of the regime's policy. In Portuguese Guinea the security situation is crit-Despite the relative ical. quiet in Mozambique, high Portuguese officials there are convinced now that sooner or later the tide of African nationalism will become too strong to be stemmed indefinitely. In Angola, army officers now are reportedly outspoken in their bitterness over what they regard as lack of recognition of their services. Many of them feel that Angola is not worth retaining and that a political solution should be sought with the Angolan nationalists.

The intransigent tone of Salazar's speech created a feeling of dismay among the majority of the white settlers. These elements, who are antiregime but opposed to black domination, consider the provisions of the new Overseas Law meaningless as a step toward greater autonomy and eventual self-determination. They have been hoping that the Lisbon government would make a positive gesture to satisfy local demands in this field.

While there is considerable opposition in Portugal to the regime, Salazar should be able to ensure a favorable outcome on the referendum.

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Europe

#### SWEDEN AND THE NUCLEAR WEAPONS ISSUE

The decade-long controversy in Sweden on the issue of acquiring nuclear weapons has again come to the fore. The renewed debate was triggered by discussion of the test ban treaty--which Sweden decided to sign, but only after heated argument and with explicit res-The official anervations. nouncement on Sweden's adherence declared that "by adhering to the present treaty we do not bind ourselves to anything other than not to conduct certain types of tests."

Swedish military leaders were among those most concerned that the test ban treaty would compromise Sweden's future freedom of action. They have long insisted that tactical nuclear weapons are essential for an effective defense. Now, they are apparently attempting to reinforce their case by arguing that the acquisition of nuclear weapons would be the most rapid and effective way of repairing the damage caused by Colonel Wennerstrom's betrayal of defense secrets.

Support for nuclear weapons also comes from the nonSocialist opposition. The leader of the opposition Conservatives declared that Sweden, despite its adherence to the test ban treaty, would retain the right to design and produce its own nuclear weapons and to test them underground. The governing Social Democratic Party is itself badly divided on the issue and, to avoid a split, has avoided any clear-cut decision.

As a gesture to advocates of the weapons, however, the leadership authorized some expansion of the existing research on the effects of nuclear weapons, and it is generally believed that this research has been extended to include basic research applicable to weapons design as well. Once the hurdle of the political decision has been overcome, enabling Swedish scientists to proceed with weapons research and experimentation, it is believed Sweden could produce a nuclear device within two or three years. Its first nuclear power reactor went into operation in July 1963 and could be used for the production of plutonium for a weapons program.

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Western Hemisphere

#### FURTHER REBEL ACTIVITY IN HAITI

The areas which General Leon Cantave's rebel forces seized in northeastern Haiti on 15 and 16 August apparently were again in government hands by 19 August. At least some of the insurgents probably plan to take cover in the surrounding mountainous region while others may seek refuge in the Dominican Republic to prepare for further guerrilla operations.

The US army attaché in Port-au-Prince reported that there was no general alert of the armed forces during the military action on 15-18 August. The government, however, apparently was shaken by this second round of rebel attacks in two weeks, and regime officials have been hastily seeking to raise one million dollars for arms purchases.

These officials reportedly telephoned to Paris in quest of arms on 16 August, but there appears to be little prospect that French sources will provide them. The French Government declared that it had not been approached by the Haitians, and has officially indicated that such a request would be turned down. Further Haitian attempts to acquire military

equipment from France or other countries appear likely, how-ever.

The Dominican Government has denied that it supplied the invaders,

Haitian Foreign Minister Chalmers arrived in the US on 16 August carrying several Dominican-made weapons as proof" of Dominican complicity in the recent incidents and presented this "evidence" to the Organization of American States. Chalmers may also present his country's case before the UN Security Council, since the Haitians believe that the OAS has not acted promptly enough on their complaint.

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Western Hemisphere

# BOLIVIAN MINE CONTROVERSY LEADS TO CABINET SHAKE-UP

Bolivian President Victor Paz Estenssoro requested the resignation of his entire cabinet on 21 August, probably as a ploy to avoid impending congressional interpellation of certain of its members. He will probably use the opportunity to replace those who have been only lukewarm in supporting the government in the current mine controversy. Reportedly the ministers of mines, labor, defense, and peasant affairs will be replaced. The new cabinet is likely to be announced shortly.

The mine controversy involves government efforts to modernize the nationalized tin mines in the face of militant opposition from the miners. The government intends to replace surplus workers at the mines and to effect other reforms to eliminate the present system in which mine workers have been able to block effective management decisions in the mine industry. According to foreign press reports, government and tin miners' union representatives agreed on 22 August to suspend the mine strikes pending further uniongovernment negotiations.

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## THE SITUATION IN BRITISH GUIANA

With opposition activity at a low ebb, the Jagan regime continues its efforts to tighten its grip on the colony and to develop closer relations with Cuba. Simmering discontent and racial tension erupted on 19 August in the first renewal of violence since the end of the general strike in early July. Āll political groups are awaiting an indication of London's policy regarding the constitutional conference which Colonial Secretary Sandys has implied he will call by October.

The government's borrowing of a million dollars from the Guiana Import Export Corporation (GIMPEX), an arm of Premier

Jagan's People's Progressive Party (PPP), has aroused a local furor. GIMPEX obtained the money from Cuba, as advance payment allegedly for railway ties and other goods to be shipped later. Finance Minister Jacob has said the loan is needed to alleviate the government's deficit. The manager of GIMPEX claimed privately on 30 July that he could obtain additional sums from Cuba to tide the government over any foreseeable crises.

The approximately \$30,000 in interest GIMPEX will receive from the government over the next six months, however, could be available for PPP uses.

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Western Hemisphere

GIMPEX may be Jagan's chosen instrument for restricting private trading and distributing facilities in the colony—a course on which he appeared to be embarking during the general strike.

Within the past few weeks there have been new allegations that the PPP has received direct financial support from the Soviet Union. The conservative United Force (UF) has in particular given wide publicity to bank vouchers which purportedly show that the Soviet Ministry of Education has transferred some \$129,000 to the PPP since April. Indicative of some sensitivity to the opposition's charges, the government has ordered an investigation of bank and telegraph security measures.

The Jagan government wants to establish commercial air service to Cuba and would like to grant Havana landing rights.

London--which has
final responsibility in the
matter--has received no formal
request from Cuba for landing
rights, however, and has not
decided how to proceed should
Havana make one. Three PPP

activists and at least seven other Jagan supporters left for Cuba recently via other means.

In the labor field, the main point of tension is the government-controlled Rice Marketing Board, where the regime has reneged on the "no victimization" provision of the strike settlement by refusing to rehire some 300 workers who belong to a union affiliated with the anti-Jagan Trades Union Congress (TUC). The struggle between government and opposition-affiliated unions for control of the sugar workers is momentarily quiet but will probably be renewed. Two Guianese students have recently returned from training courses at the Trade Union College in Moscow.

Among limited activities by opposition elements, the most notable are speaking tours by UF leaders in rural PPP strongholds, and canvassing by East Indians for some months to determine the prospects for an East Indian party which might provide a non-Communist alternative to the PPP. The East Indian leaders believe they could obtain substantial support but consider it useless to proceed with actual formation of a new party unless the British resume direct control for a period, preferably a vear.

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